

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
Initial Effective Date: June 1, 2009

Leaf No. 117.8
Revision: 5
Superseding Revision: 3

GENERAL INFORMATION

25. Supply Service Options: (cont'd.)

I. Supply Service Options effective January 1, 2008 (cont'd.)

B. Transition Charge (Non-Bypassable Charge [NBC])

1. Calculation of the Fixed Transition Charge (Non-Bypassable Charge [NBC])

This charge will sum together the market value of NYSEG's owned hydro plant output at the generation source; the net market value of the purchased power contracts of the NUG, NYPA and NMP2 resources (market value of the purchased power contract costs determined at the generation source less the contract costs); certain actual wholesale transmission-related revenues minus \$1.66 million per month (A \$20 million estimate of transmission revenues was included in the delivery revenue requirements calculated in Case No. 05-E-1222. Any difference between the actual amount of transmission revenues and the \$20 million estimate will be captured in the NBC.); the difference in cost between serving actual load for customers electrically connected east of the Total East NYISO interface at Area 'G' prices and Area 'C' prices to recover the cost of providing power to customers in the eastern part of the Company's service territory at the same price as customers in the west; NYISO ancillary services (Schedules 1-6, excluding Schedule 4); NYPA Transmission Adjustment Charge (NTAC); and \$5 million of commodity earnings sharing subject to an annual reconciliation up to a maximum of \$5 million. The NBC will be calculated each November 1st to take effect for the 12-month period beginning on the following January 1st subject to an annual true-up for all components based on the actual after-the-fact costs and load subject to the NBC. The November 1st calculation includes a forecast of each component listed above based on the previous 12-months adjusted for known and anticipated changes using the wholesale market price collected over the same time period as those prices used to calculate the fixed commodity.

- (i) The NBC will include the Lost Revenue Recovery Mechanism (LRRM) as described in Section 25.I.E.
- (ii) All service classes will pay the same charge on a volumetric basis, except customer classes who will also receive the benefits, if any, of NYPA purchased power provided for customer classes consistent with NYSEG's contract with NYPA.
- (iii) Customers electrically connected east of the Total East NYISO interface who choose EPO, VPO, DSO or Hourly Pricing service will receive a credit to their NBC to reflect the higher cost to serve load in that Area.
- (iv) NYSEG will continue its practice of reimbursing ESCOs for the NYISO ancillary services and NTAC that NYSEG collects from customers for which ESCOs are charged by the NYISO. NYSEG shall not reimburse an ESCO for those charges allocated to the ESCO because of the individual ESCO's practices (e.g. late payment charges and penalties).

Issued in compliance with order in Case No. 09-E-0227 dated 05/18/09.

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Binghamton, New York